# Promoting agile and flexible financial management, aiming to achieve stable profitability and to establish a more robust profitability base

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(in charge of Corporate & Shared Services)
Member of the Board of Directors
Chief Financial Officer

## Overview of financial results for fiscal 2025

In fiscal 2025, following the loss recorded in fiscal 2024, the Bank identified returning to profitability as its top management priority and pursued a range of initiatives towards achieving this objective. Although fiscal 2024 caused considerable concern and inconvenience to our stakeholders, the capital enhancement supported by our members enabled us to focus on "diversifying our revenue sources" and improving our portfolio that was concentrated on specific risk factors. Favorable market conditions also provided tailwinds and the Bank returned to profit recording a profit attributable to owners of parent of ¥121.4 billion, which exceeded our initial expectation of ¥30 billion to ¥70 billion. Furthermore, our Common Equity Tier 1 (CET1) ratio stood at 17.81% on a consolidated basis, maintaining a sound level well above that required by Basel regulation.

Of course, we recognize that our initiative to "diversify revenue sources" to secure stable profitability in the medium to long term is still under way. We therefore intend to further accelerate our efforts for a structural change in our revenue structure that is not overly dependent on any specific risk factor.

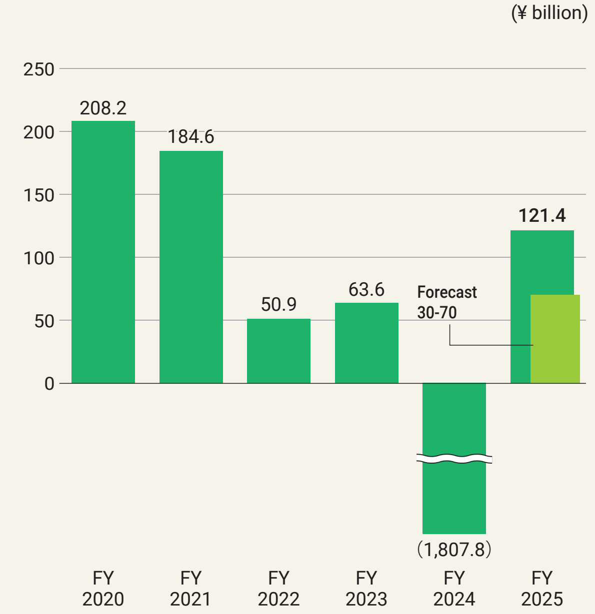
For our financial management going forward, we have identified two key priorities: "stable profits" and "establishing a more robust profitability base." To achieve these priorities, we will allocate capital and human resources appropriately across our business areas, including lending and investment activities, and diversify revenue sources by enhancing profitability of each business domain I believe the role of the CFO is to build a robust profitability base through the appropriate allocation of management resources. With this recognition, we steadfastly pursue balance the "transformation of our revenue structure" and the "advancement of our growth strategy."

## Diversification of Revenue Sources

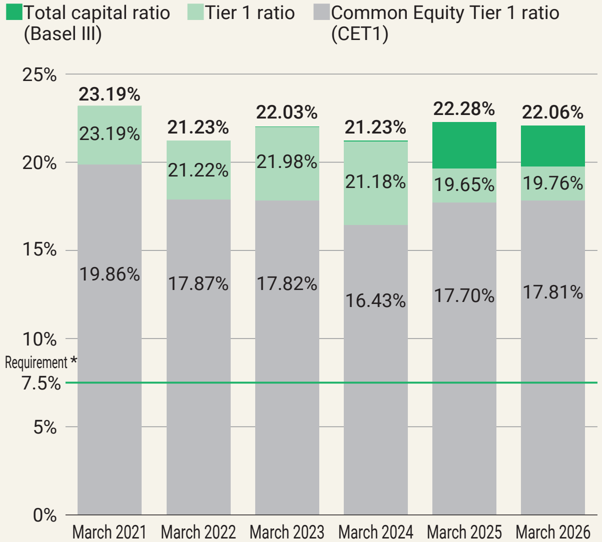
Amid significant changes in the international order, it is more important than ever to pay close attention to external factors affecting the real economy, such as geopolitical risk and inflation outlook. Given this environment, a key imperative is to "secure financial flexibility."

I firmly recognize that the challenge entrusted to me as CFO is how quickly and agilely we can steer the Bank in response to a changing environment. In line with our policy to "diversify revenue sources," we will further expand our investment in assets that are less affected by market

### ▶ Profit/Loss Attributable to Owners of Parent




### ▶ Capital ratio and Requirements




* Regulatory minimum requirement level. Minimum CET1 ratio (4.5%) + capital conservation buffer (2.5%) + D-SIB surcharge (0.5%). Countercyclical buffer is not included.


* Including credit investments, alternative investments, and project finance, etc.

fluctuations, particularly non-interest-rate risk assets such as credit assets, and seek to build a portfolio that well balances interest-rate-risk and non-interest-rate-risk.
In addition, a relatively low proportion of revenue from asset management businesses -fee-based businesses- is a challenge for The Norinchukin Bank Group. We will work as a group to expand various investment products through group companies, including Norinchukin Zenkyo Asset Management Co., Ltd., and actively pursuing capital alliances with external partners.

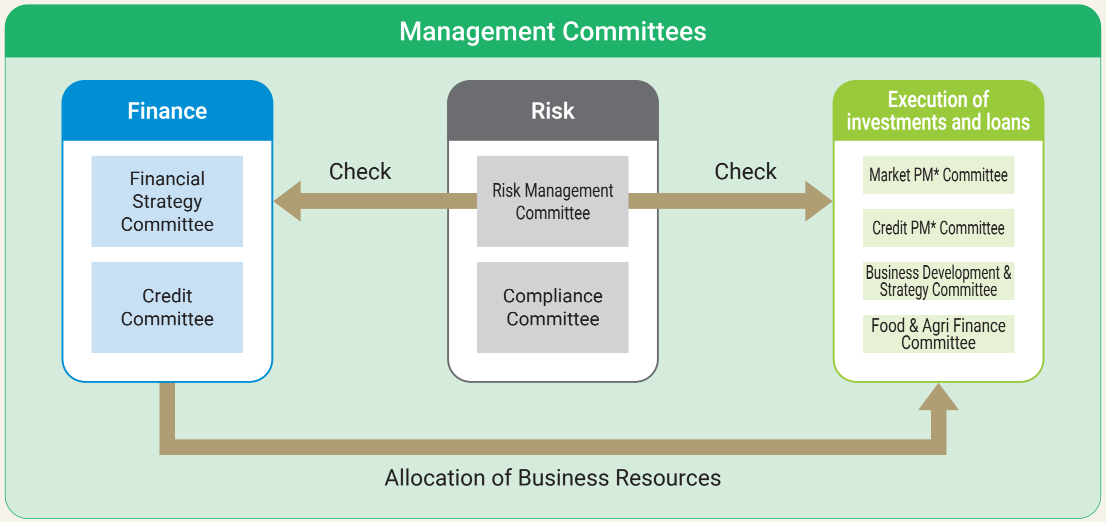
## Financial Indicator

The Bank is a cooperative financial institution whose members are both capital providers and depositors. This unique structure has enabled the Bank to maintain a stable funding base. This is one of our key strengths that would remain unwavering going forward.
Meanwhile, as Japan continues to shift toward a higher interest-rate environment, we are seeing some degree of fluctuation in deposit balances. Considering that this may increase the volatility of the Bank's balance sheet, setting fixed indicators based on assumptions in the beginning of the fiscal year and primary focusing on achieving those may not necessarily be the optimal approach for financial management. Based on this perspective, we present our fiscal outlook within a certain range.
The mission of Norinchukin Bank is to provide smooth financial service that contributes to the growth of the AFF industries. As the national-level institution of JA Bank and JF Marine Bank, we recognize that a crucial responsibility for us is to carefully manage the deposits entrusted by our members and stably return profits to our members.
Furthermore, we believe that one of our goals is to support the sustainable development of the AFF industries through our business activities, which contributes to the maintenance and expansion of a stable food supply. We will remain firmly committed to the financial management necessary to achieve this objective.

## Financial Governance and Risk Management

In fiscal 2024, we established the Financial Strategy Committee and renewed our management framework to strengthen the checks among the investment execution, financial management, and risk management functions.
In the past, the teams responsible for financial management and investment execution occasionally operated in an overly collaborative manner, and we recognize that this was one of the root causes that resulted in the significant loss incurred in the previous fiscal year.
Based on the lessons learned, we have restructured our framework to clearly separate discussions on investment and lending execution and financial management.
Investment and lending decisions are made under

### Risk Management Framework



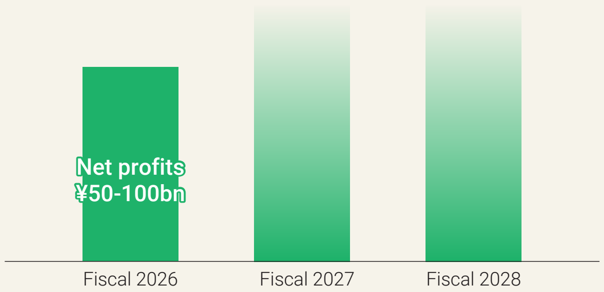

*Portfolio Management

dedicated committees and financial management is addressed by the Financial Strategy Committee. In terms of financial governance, the allocation of various resources necessary to secure profits is deliberated by the Financial Strategy Committee and decided by the Board of Directors. Based on those allocations, the front-office executes investments and loans to generate the expected returns. In this way, we believe we have established a clear process for revenue generation. In addition, the risk management division is responsible for checking both the financial management and investment and lending execution by determining the level of risk tolerance from the perspective of financial soundness. While this approach can at times generate friction, especially between the financial management and the investment execution, I consider such friction to be an outcome of natural and healthy discussion. Going forward, we will further enhance the transparency and granularity of financial management, increasing visibility of our business segment including at Group companies, and enable more timely and agile decision-making.

## Outlook for Fiscal 2026

The Bank considers multiple scenarios for domestic and international financial markets and conducts simulations of profit levels based on both existing assets and prospective investment and lending activities. As we intend to maintain visibility on profitability over at least the next three years, we regularly monitor indicators through the Financial Strategy Committee, taking into account the uncertainties that may occur in the future. For fiscal 2026, we have disclosed our expected Profit (Loss) Attributable to Owners of Parent as a range of ¥50 billion to ¥100 billion. While this outlook represents a modest decline from fiscal 2025 results, we will regularly reassess our assumptions and strategies incorporating various market outlooks,

**▸ Illustrative image of profits**




| Key economic indicators | As of March 2027 |
|---|---|
| Japanese Policy Rate | 1.25% |
| US Policy Rate | 3.50% |
| FX Rate (USD/JPY) | ¥150 approx. |

such as escalating geopolitical tensions in the Middle East. By maintaining a medium to long term perspective, we aim to further enhance the precision and flexibility of our financial management.

## Message to our stakeholders

In fiscal 2025, with the understanding and support of our members, we achieved positive profits that exceeded our initial outlook. Nevertheless, our journey to diversify revenue sources has only begun.
As we continue our efforts to regain the confidence and trust of our stakeholders as early as possible, we will continue to strengthen our management framework and accelerate our initiatives to “rebuild our earning power.”